

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Alvord Post Office
Alvord, Iowa

Docket No. A2012-94

ORDER AFFIRMING DETERMINATION

(Issued March 20, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On December 1, 2011, Dr. and Mrs. Robert Hodgson (Petitioners Hodgson) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Alvord, Iowa post office (Alvord post office).² Seven additional petitions for review were filed between December 6, 2011 and January 4, 2012.³ The Final Determination to close the Alvord post office is affirmed.⁴

II. PROCEDURAL HISTORY

On December 29, 2011, the Commission established Docket No. A2012-94 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁵

² Petition for Review received from Dr. and Mrs. Robert Hodgson regarding the Alvord, Iowa post office 51230, December 1, 2011 (Hodgson Petition).

³ Petitions for Review received from Jackie Knobloch, December 6, 2011 (Knobloch Petition); Janet Newborg, December 6, 2011 (Newborg Petition); Joanne C. Smith, December 7, 2011 (Smith Petition); Elaine Childress, December 9, 2011 (Childress Petition); Carolyn Hein, December 29, 2011 (Hein Petition); Rachel J. Schreurs, December 29, 2011 (Schreurs Petition); Alice Metzger, January 4, 2012 (Metzger Petition). Collectively, the authors of these Petitions are referred to as “Petitioners.”

⁴ The Commission is divided equally, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

⁵ Order No. 1082, Notice and Order Accepting Appeal and Establishing Procedural Schedule, December 29, 2011.

On December 15, 2011, the Postal Service filed the Administrative Record with the Commission.⁶ On January 26, 2012, the Postal Service supplemented the Administrative Record.⁷

Petitioners Newborg, Smith, and Hein filed participant statements supporting their Petitions.⁸ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁹ On February 9, 2012, the Public Representative filed comments.¹⁰

III. BACKGROUND

The Alvord post office provides retail postal services and service to 97 post office box or general delivery customers. Final Determination at 2. Eighty-nine (89) delivery customers are served through this post office. The Alvord post office, an EAS-11 level facility, provides retail service from 7:30 a.m. to 11:30 a.m. and 12:30 p.m. to 4:15 p.m., Monday through Friday, and 9:00 a.m. to 10:45 a.m. on Saturday. Lobby access hours are 24 hours, Monday through Saturday. *Id.*

⁶ The Administrative Record is attached to the United States Postal Service Notice of Filing, December 15, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Alvord, Iowa Post Office and Continue to Provide Service by Rural Route Service (Final Determination).

⁷ United States Postal Service Notice of Supplemental Filing, January 26, 2012 (Supplement). The Supplement states that using cluster box units would produce an additional one-time cost of \$11,844.75. The Commission's responsibility in adjudicating appeals of Postal Service determinations to close or consolidate post offices is limited to "the record before the Postal Service in the making of such determination[s]." 39 U.S.C. § 404(d)(5). The Supplement seeks to add post-record information for the Commission's consideration on appeal. The Commission has not relied on the information in the Supplement.

⁸ Participant Statement received from Janet Newborg, January 18, 2012 (Newborg Participant Statement); Participant Statement received from Joanne C. Smith, January 18, 2012 (Smith Participant Statement); Participant Statement received from Carolyn Hein, February 1, 2012 (Hein Participant Statement).

⁹ United States Postal Service Comments Regarding Appeal, January 26, 2012 (Postal Service Comments). The accompanying Motion of the United Postal Service for Late Acceptance of Comments Regarding Appeal is granted.

¹⁰ Public Representative Comments Supporting Remand, February 9, 2012 (PR Comments).

The postmaster position became vacant on February 3, 2010 when the Alvord postmaster retired. A non-career officer-in-charge (OIC) was installed to operate the post office. *Id.* at 2, 10. Retail transactions average 19 transactions daily (18 minutes of retail workload). *Id.* at 2. Post office receipts for the last 3 years were \$20,823 in FY 2008; \$21,123 in FY 2009; and \$19,594 in FY 2010. There is one permit or postage meter customer. *Id.* By closing this post office, the Postal Service anticipates savings of \$33,686 annually. *Id.* at 10.

After the closure, retail services will be provided by the Rock Rapids post office located approximately 12 miles away.¹¹ *Id.* at 2. Delivery service will be provided by rural route service through the Rock Rapids post office. The Rock Rapids post office is an EAS-18 level post office, with retail hours of 8:30 a.m. to 4:30 p.m., Monday through Friday, and 7:30 a.m. to 9:45 a.m. on Saturday. Lobby access hours are 24 hours, Monday through Saturday. Administrative Record, Item No. 18. There are 253 post office boxes available. Final Determination at 2.

Retail services will also be available at the Doon post office, located approximately 9 miles away.¹² *Id.* The Doon post office is an EAS-13 level post office, with retail service from 7:30 a.m. to 4:15 p.m., Monday through Friday, and 7:30 a.m. to 9:45 a.m. on Saturday. Lobby access hours are 24 hours, Monday through Saturday. Administrative Record, Item No. 18. There are 39 post office boxes are available. Final Determination at 2. The Postal Service will continue to use the Alvord name and ZIP Code. *Id.* at 9, Concern No. 45.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Alvord post office. They contend that the Postal Service failed to consider the effect of the closing on the

¹¹ MapQuest estimates the driving distance between the Alvord and Rock Rapids post offices to be approximately 12.82 miles (22 minutes driving time).

¹² MapQuest estimates the driving distance between the Alvord and Doon post offices to be approximately 7.87 miles (15 minutes driving time).

community. Newborg Petition at 1; Childress Petition at 1; Hein Petition at 1; Schreurs Petition at 1. Petitioners contend the Postal Service failed to consider whether or not it will continue to provide a maximum degree of effective and regular postal services to the community. Knobloch Petition at 1; Smith Petition at 1; Childress Petition at 1; Hein Petition at 1; Schreurs Petition at 2; Metzger Petition at 1. They argue the Postal Service failed to adequately consider the economic savings resulting from the closure. Hodgson Petition at 1; Newborg Petition at 1; Schreurs Petition at 1; Metzger Petition at 1. Petitioner Newborg expresses concern about loss of employment in the Alvord community. Newborg Petition at 1.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Alvord post office. Postal Service Comments at 2. The Postal Service believes the appeal raises four main issues: (1) the impact on the provision of postal services; (2) the impact upon the Alvord community; (3) the calculation of economic savings expected to result from discontinuing the Alvord post office; and (4) the impact on employees. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Alvord post office should be affirmed. *Id.*

The Postal Service explains that its decision to close the Alvord post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload;
- low office revenue;
- the variety of delivery and retail options (including the convenience of rural delivery and retail service);
- no projected population, residential, commercial, or business growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 5. The Postal Service contends that it will continue to provide regular and effective postal services to the Alvord community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect on postal services, the effect on the Alvord community, economic savings, and the effect on postal employees. *Id.* at 5-16.

Reply Briefs. The Public Representative concludes that the Postal Service followed applicable procedures. PR Comments at 2. However, she contends the Postal Service's decision to close the Alvord post office was arbitrary, capricious, and unsupported by substantial evidence. *Id.* In particular, the Public Representative asserts the Postal Service failed to properly consider the economic savings and the closing's effect on the community and postal services. *Id.* at 2-4.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The Administrative Record indicates the Postal Service took the following steps in providing notice of its intent to close. On March 29, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Alvord post office. Final Determination at 2. A total of 185 questionnaires were distributed to delivery customers. Other questionnaires were made available at the retail counter. A total of 70 questionnaires were returned. On April 14, 2011, the Postal Service held a community meeting at the Alvord Town Hall to address customer concerns. Seventy-three (73) customers attended. *Id.*

The Postal Service posted the proposal to close the Alvord post office with an invitation for comments at the Alvord, Doon, and Rock Rapids post offices from June 20, 2011 through August 21, 2011. *Id.* The Final Determination was posted at the same three post offices from November 23, 2011 through December 25, 2011. Administrative Record, Item No. 49.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service.

39 U.S.C. § 404(d)(2)(A). The Postal Service must also comply with the provisions of 39 U.S.C. § 101(b), which prohibits closing any small post office solely for operating at a deficit.

Effect on the community. Alvord, Iowa is an unincorporated community located in Lyon County, Iowa. Administrative Record, Item No. 16. The community is administered politically by a Mayor and Council. Police protection is provided by the Lyon County Sheriff. Fire protection is provided by the Alvord Fire Department. The community is comprised of commuters, retirees, and the self-employed. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Alvord community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Alvord post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 9-10.

Petitioners raise concerns that the discontinuance of the Alvord post office will result in a loss of identity for the community and adversely affect senior citizens and low-income residents. Childress Petition at 1; Schreurs Petition at 1; Newborg Participant Statement at 1; Hein Participant Statement at 2.

The Postal Service asserts that carrier service is beneficial to many senior citizens because the carrier can provide delivery and retail services to customers' delivery receptacles. It states that customers do not have to make a special trip to the post office for service; special services can be requested; Stamps by Mail and Money Order Application forms are available for customer convenience; and stamps are also available at many stores and gas stations, online at <http://www.usps.com>, or by calling

1-800-STAMP-24. In addition, special provisions are made, on request, for hardship cases or special customer needs. Postal Service Comments at 6-7.

In response to the concern over community identity, the Postal Service notes that residents may continue to meet informally, socialize, and share information at other businesses, churches, and residences in town. *Id.* at 10. It states that it determined customers could continue to receive effective postal services elsewhere. It maintains that communities generally require regular and effective postal services and these services will continue to be provided to the Alvord community. The Postal Service concludes that non-postal services provided by the Alvord post office can be provided by the Rock Rapids post office. *Id.*

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Alvord postmaster retired on February 3, 2010 and that an OIC has operated the Alvord post office since then. Final Determination at 2. It asserts that after the Final Determination is implemented, the temporary OIC may be separated, and no other Postal Service employee will be adversely affected. *Id.* at 10.

Petitioner Newborg expresses concerns about the loss of employment for the OIC. Newborg Participant Statement at 1. The Postal Service asserts that the OIC is a non-career employee who may be separated from the Postal Service. It states that it understands concerns about loss of employment, but that this concern does not outweigh other considerations that favor closing the Alvord post office. Postal Service Comments at 15.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Alvord post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Alvord customers. Postal Service Comments at 5-8. It asserts that customers of the closed Alvord post office

may obtain retail services at the Rock Rapids post office located 12 miles away. Final Determination at 2. Delivery service will be provided by rural route service through the Rock Rapids post office. Alvord post office box customers may obtain Post Office Box service at the Rock Rapids post office, which has 253 boxes available. Retail services and 39 post office boxes will also be available at the Doon post office located 9 miles away. *Id.*

For customers choosing not to travel to the Rock Rapids post office, the Postal Service explains that retail services will be available from the carrier. Postal Service Comments at 6-7. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.* at 7.

Petitioners express specific concerns regarding the availability of certain postal services, such as mailing large packages and timely delivery of mail. Knobloch Petition at 1; Smith Petition at 1; Hein Petition at 1; Newborg Participant Statement at 1. They also contend that going to the Rock Rapids post office for postal services will be inconvenient. Knobloch Petition at 1; Metzger Petition at 1; Schreurs Petition at 1-2; Childress Petition at 1.

The Postal Service responds that it considered these concerns and explains that the loss of retail services and post office boxes at the Alvord post office does not have a large impact on the quality of service provided by the Postal Service. Postal Service Comments at 5-6. The Postal Service explains that its rural carriers can perform many functions (at the same time that the carrier delivers the mail) that will avert the need to go to a post office. *Id.*

The Postal Service asserts that Petitioners' concerns about the package delivery and pick up will be addressed by rural carriers who will deliver packages that fit in the customer's mail receptacle. *Id.* at 7. If the package is too large for a mail receptacle, the carrier will deliver the package up to half a mile off the line of travel, at a designated place, such as on the customer's porch or under a carport. *Id.*

Regarding timely delivery of mail, the Postal Service asserts that the actual time the customer receives mail will be determined by the customer's location on the carrier's line of travel. It contends that it carefully considers the volume of mail for each route so that it can deliver the most mail at the earliest possible hour. *Id.* at 8.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$33,686. Final Determination at 10. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$3,660), minus the cost of replacement service (\$14,253). *Id.*

Petitioner Hodgson and the Public Representative dispute the economic savings estimate because it uses the salary and benefits of the former postmaster rather than the OIC currently operating the Alvord post office. Hodgson Petition at 1; PR Comments at 2. The Postal Service responds that the economic savings calculation conducted as part of a discontinuance study is forward-looking. It contends that paying less in salary and benefits over past years does not mean that it can count on those savings in the future. It asserts that if the Alvord post office had not been discontinued, the postmaster position would have been filled by a career employee, who would have been paid the salary and benefits of a career employee. Postal Service Comments at 13.

The Alvord post office postmaster retired on February 3, 2010. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be transferred or separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. As the Postal Service notes, "[the] economic savings calculation conducted as part of a discontinuance study is forward-looking;...If the Alvord Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a career employee." Postal Service Comments at 13; Final Determination at 12;

see, e.g. Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Alvord post office has been staffed by an OIC for approximately 2 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Public Representative asserts that the Postal Service failed to consider the additional cost of installing cluster box units, which adds an extra one-time expense of \$11,844.75. PR Comments at 3.

The Commission's responsibility in adjudicating appeals of post office closings is limited to the Administrative Record. See n.7, *supra*. However, even if the cost of installing cluster box units had been factored into the economic savings, the Postal Service would have realized net financial benefits.

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

Section 101(b). Section 101(b) prohibits closing any small post office solely for operating at a deficit. Petitioner Schreurs alleges that the Postal Service is closing the Alvord post office solely for economic reasons. Schreurs Petition at 1.

The Commission does recognize that economics may play a role in the Postal Service's decision. However, the Commission is not prepared to conclude that the Postal Service's determination violates section 101(b). In addition to considering workload at the Alvord post office (revenues declining and averaging only 19 retail transactions per day), the Postal Service took into account other factors such as the postmaster vacancy, the minimal impact on the community, and expected financial savings. In addition, it considered the alternate delivery and retail options available to customers. Final Determination at 2-12.

The Postal Service did not violate the prohibition in section 101(b) on closing the Alvord post office solely for operating at a deficit.

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Alvord post office is affirmed.¹³

It is ordered:

The Postal Service's determination to close the Alvord, Iowa post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary

¹³ See note 4, *supra*.

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Alvord post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on February 3, 2010. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data were in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by

December 12, 2011, have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Alvord, Iowa and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since February 2010, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.

In addition, the Administrative Record indicates that there is one postage meter customer. Final Determination at 2. According to the Postal Service, the Final Determination reflects only retail window transactions, which does not include revenue from permit/postage meter customers.¹ It is important for the Postal Service to accurately reflect the total operating revenue, which includes all business activities, at each post office to determine the potential impact on the community it serves. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Alvord post office and should be remanded.

Nanci E. Langley

¹ See *also* Docket No. A2012-78, Postal Service Comments at 10-11 n.24.